

**STATEMENT OF
THE AMERICAN FARM BUREAU FEDERATION
TO THE
CONSERVATION, CREDIT, RURAL DEVELOPMENT AND RESEARCH
SUBCOMMITTEE
HOUSE AGRICULTURE COMMITTEE
REGARDING
THE CONSERVATION TITLE
OF THE
NEXT FARM BILL**

Presented by

**John Lincoln
President, New York Farm Bureau**

May 23, 2001

Mr. Chairman, I am John Lincoln, President of the New York Farm Bureau, and a dairy farmer from Ontario County, New York. AFBF represents more than five million member families in all 50 states and Puerto Rico. Farm Bureau is looking for, and will be supportive of, the right mix of public policy tools that will enable farmers and ranchers to improve net farm income, enhance their economic opportunity, preserve their property rights and enhance the nation's environment.

America depends on a strong and sound agricultural policy. American agriculture provides food security for this nation and much of the rest of the world. We contribute to our national economic security by running a positive balance of trade and generating off-farm employment. We also contribute to the world's environmental security. In this specific area we can, with the proper incentives, do much more.

Increased regulatory costs on all levels – federal, state and local – are placing a heavy burden on individual farmers and ranchers as well as distorting the traditional structure of our industry. Farmers and ranchers understand the importance of protecting the environment. Their livelihood depends on it. However, the expenses that are incurred to meet compliance are taking a heavy toll on farm incomes and forcing farmers and ranchers to spread the cost of increased regulation over more units of production. The unintended consequence is the inability of small- and medium-sized family farms to compete in a highly charged regulatory environment.

Farm Bureau believes there is a need for a new environmental policy framework. We need to move beyond the current debate over whether the public has the right to mandate features and/or farming practices in the rural landscape. We are at that proverbial fork in the road and have concluded that mandates are not only counter-productive but more important, inefficient. Our members understand that there is need for a different set of tools and farm policy options. We

believe market forces and government programs can work together to enhance the nation's productivity and environmental objectives.

U.S. farmers and ranchers have historically shown that if either market forces or government support prices provide sufficient incentives, such as \$3.00 per bushel corn or \$4.00 per bushel wheat, we can produce an abundant supply of these commodities. Similarly, if a voluntary incentive is offered for a desirable environmental outcome, farmers will overwhelm America with improved soil conservation, water quality, air quality and wildlife habitats.

In order for a conservation incentive payment program to work well, public policy must recognize the inherent limitations that command and control regulations have in attaining desired public benefits of an environmental nature. Efficient public policy is one where the thing demanded by society is the thing that is being produced.

There is little doubt that we have made strides in improving our environment over the last three decades. By nearly every measure our environment and natural resources are in much better shape than at any time in our lifetimes. As the demand for environmental enhancements increase it is important that we examine the public policy tools that we have at our disposal and determine whether they are appropriate or not. The command and control nature of many of the first generation environmental statutes were enacted for the problems of the 1960s and 1970s. The programs were, and continue to be very controversial and adversarial in nature. Compliance was expensive and inefficient but comparatively easy to measure.

In addition to building on the gains of the last three decades, the public now desires open space, wildlife habitat, scenic vistas, diverse landscapes and recreational activities. These are clearly more ephemeral policy goals that require a more delicate and site-specific policy approach that necessitates the cooperation of the landowner more than ever before. The existing environmental policy framework is not equipped to function in a way that is most efficient in achieving the policy objectives we are faced with in the future. Public policy, and in this case, the conservation title should move beyond preventing bad things to policies of promoting good things. Command and control mechanisms do not provide an attractive incentive for farmers and ranchers to produce the things that the public wants. A new, more efficient and effective approach should be developed to assist farmers and ranchers in providing the public with what it wants. It should be voluntary, provide sufficient economic incentive and clearly define the benefits that society at large derives from agriculture.

Farmers and ranchers can produce and market more than traditional agricultural commodities. We can also produce and market environmental benefits. Under this concept, agriculture and the government program must come together to create an alternative market for environmental improvements or amenities that the public desires. Such environmental features would likely include erosion control and improved water quality, ecological services such as nutrient filters and carbon sinks, habitat, bio-diverse landscapes, recreational opportunities, and rural amenities, such as visual aesthetics and scenic vistas, to name a few.

Farm Bureau policy states that the next farm bill should:

- Continue to improve the environment through expanded incentives to encourage voluntary soil conservation, water and air quality programs, and advance technological and biotechnological procedures that are based on sound science and are economically feasible;
- Improve the quality of rural life and increase rural economic development;
- Provide for an expansion of the funding baseline in the commodity, specialty crops, livestock, conservation, research, trade and risk management titles;
- Continue voluntary participation in a direct payment program that would comply with the green box World Trade Organization requirements; and
- Provide willing producers with additional voluntary incentives for adopting and continuing conservation practices to address air and water quality, soil erosion and wildlife habitat.

Bridging the gap between where we are now and where we want to be in the future requires an expanded public investment in agriculture. Part of this public investment directly positions agriculture for renewed growth. Increases in conservation incentives are needed to lay the base today for responsible growth in our industry. We encourage this Committee to consider the following principles as we work together to find the right mix of policy options that will enable farmers and ranchers the opportunity to step up to this new challenge:

1. Allow the market to determine the value for these new commodities;
2. Provide voluntary participants with an annual guaranteed incentive payment, not simply a cost-share or ad hoc payment;
3. Provide incentives for both implementation and maintenance of conservation and environmental practices - something that has been lacking in the past;
4. Make incentives available to ALL producers, livestock, poultry, aquaculture, timber, fruit and vegetable producers;
5. Provide incentives that conform to WTO green box requirements;
6. Do not replace or disturb any existing or future payment program unless participants choose to opt out of traditional farm programs in return for a higher level of incentives;
7. Provide program participants the opportunity to improve the quality of rural life and increase rural economic development by providing a stable and diverse presence for agriculture; and
8. Allow confidential conservation plans to provide an improved level of assurance and accountability of the conservation efforts undertaken by the program participants.

Our vision is to capture the opportunity and efficiencies of providing producers with additional conservation incentives for adopting and continuing conservation practices to address air and water quality, soil erosion and wildlife habitat.

CONSERVATION AND ENVIRONMENTAL PROGRAMS

(A) Conservation Reserve Program (CRP)

Under the CRP producers bid to enroll environmentally sensitive lands into the reserve during signup periods, retiring it from production for 10 years. Successful bidders receive cost-sharing and technical assistance to plant conserving vegetation and annual rental payments.

Twenty-one signups have been held between 1986 and 2000. There are currently 33.4 million acres enrolled out of the maximum 36.4 million acres provided for in legislation. USDA estimates that average erosion rates on enrolled acres are reduced from 21 tons per acre to less than 2 tons per acre per year.

CRP: (a) provides incentives for reduction in soil erosion, enhancement of water and soil quality, and additional wildlife habitat; and (b) provides a steady income to participants who enroll in the program. In order to ensure that rural and agricultural infrastructure is not hurt by even a slight increase in CRP acreage, we continue to oppose more than 25 percent of the county acreage being included in a CRP contract, Conservation Reserve Enhancement Programs and all experimental pilot projects.

Farm Bureau supports a limited increase in the amount of acreage eligible to be enrolled in the CRP with new acreage targeted toward buffer strips, filter strips, wetlands, or grass waterways should be approved.

(B) Reform Environmental Quality Incentives Program

EQIP does not provide livestock and crop producers the assistance needed to meet current and emerging regulatory requirements. EQIP must be reformed and funding increased in order to assist producers with the cost of meeting federal, state and local environmental regulations. We support EQIP authority with the following improvements.

- We believe that EQIP payments should be available to all livestock producers, no matter their size, and total payments should be limited in a manner comparable to that for row crop producers. The current program does not make EQIP assistance available for the structural components of livestock waste management systems for large livestock operations, defined in most states to be those with more than 1,000 animal units. Excluding large livestock operations from structural assistance ensures that EQIP will never be able to attain its water quality and environmental objectives. This exclusion is entirely inconsistent with a program designed to improve agriculture's environmental performance.
- EQIP should be explicitly amended to direct the Secretary to allocate EQIP dollars to producers for the purpose of helping them meet federal, state and local mandatory manure management and water and air quality protection requirements. The program should provide

the proper assurances that EQIP will result in the highest value possible for the tax dollars spent. But the priority setting approaches must be flexible and allow the Secretary to address all of agricultures' top conservation needs. Some priorities will be best addressed through the adoption of certain conservation practices over a large area of a state or the country. Many of these needs most certainly will not be defined by a geographic scope like a 14 digit watershed. In other situations, producers in a defined geographic area like a watershed will be in need of priority attention. EQIP must be amended to ensure that it can address all of these situations. Certain practices or needs could be of such national or statewide priority that they would be eligible for funding without going through a local bidding process. For example, these practices could include such things as:

- Helping producers build, plan and operate nutrient and manure management measures and systems.
 - Implementing pesticide best management practices (BMPs) known to improve water quality.
- EQIP should provide for contracts involving single practices or multiple practices, and contracts that range in length from one to 10 years as appropriate to the conservation issue that needs to be addressed. Existing law provides for 5-10 year contracts.
 - Avoid any unnecessary duplication in the EQIP application process and conservation planning process so as to minimize the administrative burden and duplication, and diversion of funds from producers to administrative activities.
 - Appropriate emphasis must be given in EQIP to air quality goals and practices.
 - CCC statutory authority currently requires that EQIP payments to a producer cannot begin until the year after a contract is signed. This provision needs to be changed to permit payments to producers in the year a contract is signed.
 - Program must be amended to ensure that funds can be provided for:
 - Helping producers improve and computerize their farm decision support environmental data and record-keeping systems;
 - Helping producers plan and implement agricultural BMPs designed to improve air quality.
 - Amendments are needed to ensure that producers will be able to get the technical assistance they need to successfully participate in the program.
 - In addition to ensuring that there USDA-based technical assistance is funded, producers must be able to access and use private sector or non-federal conservation technical assistance from "certified" providers like Certified Crop Advisors, Independent Crop Consultants, conservation district professionals, other qualified persons).
 - A voucher system or some similar system needs to be established for producers to use to secure non-federal EQIP planning assistance.

- The program should in no way impede producers that want to use their own funds to purchase “certified” planning assistance, and the funds producers use for that purpose should apply to their cost share contribution.
- These non-federal technical assistance provisions must be addressed in detail as part of the formal EQIP rulemaking.
- Establish a USDA-based program to pay producers or give them vouchers to purchase, from private sector organizations that know and understand agriculture, a certified third party assessment of environmental performance. Again, this must be part of the EQIP formal rulemaking.

EQIP should maintain current authority to provide funding to all producers including crops, livestock, fruits and vegetables. It would provide 50 percent of funding to livestock and 50 percent to crops.

Livestock producers in several states face, or will soon face, costly environmental regulations as a result of state or federal law designed to protect water quality. Crop producers in many states are preparing to deal with similar environmental requirements. The federal regulations under the Clean Water Act include the Total Maximum Daily Load Program (TMDLs) and the new Confined Animal Feeding Operations (CAFOs) permit requirements. Federal regulators are also exploring the possibility of expanding federal regulation of agriculture under the Clean Air Act. Producers need now, more than ever, federal financial and technical assistance to help them meet these challenges. In many instances, the new federal or state requirements will be very costly for producers.

Implementation costs for these types of regulations are significant. NRCS estimates that preparation of a comprehensive nutrient management plan could cost \$5,000. Installation of a new pork manure management system would run \$50,000 to \$100,000 and a nutrient management plan and implementation incentives for a 500-acre corn and soybean operation would require \$1,500 to \$3,000 per year.

Implementation of a program to provide financial assistance to farmers and ranchers to help them execute unfunded state and federal regulatory mandates must be approved.

EQIP (a) should be readily accepted since producers are familiar with the EQIP program; (b) would be available to all crop and livestock producers; and (c) would provide compliance assistance to farmers and ranchers with implementation of federal, state and local environmental laws.

(C) Environmental Incentive Payments

We support a voluntary environmental program that provides producers with additional conservation options for adopting and continuing conservation practices to address air and water quality, soil erosion and wildlife habitat. This would be a guaranteed payment to participants who implement a voluntary management plan to provide specific public benefits by creating and maintaining environmental practices. The management plan would be a flexible contract,

designed and tailored by the participant to meet his or her goals and objectives while also achieving the goals of the program.

We support allowing farmers and ranchers the opportunity to voluntarily participate in a program that provides the public with the environmental features they actually want in agricultural areas. It would also provide participants with an alternative source of income that would, in some cases, provide an additional safety net. The proposal is based on the concept that farmers and ranchers can produce and market more than traditional agricultural commodities. They can also produce and market what might be called public environmental benefits. Not only would agriculture be able to produce and market food and fiber, it would also be able to produce and market environmental amenities that the public desires.

Examples include erosion control and improved water quality, ecological services such as nutrient filters and carbon sinks, habitat, bio-diverse landscapes and recreational opportunities, and rural amenities such as visual aesthetics and scenic vistas.

We believe participants should be given the opportunity and flexibility to develop a management plan that provides environmental benefits but, without land retirements or easements, to provide environmental benefits in return for a payment. The length of the contract period would be flexible and tailored to meet the participant's situation. Practices covered under such a proposal could range from accepted good farming practices already implemented on the farm to establishment of a comprehensive environmental management plan.

A management plan and any information resulting from it would be confidential, and the property of the producer. If any incidental or minor regulatory noncompliance within the scope of the management plan is discovered in the course of plan development, the producer should have a grace period of one year to get in compliance without being liable for penalties. Producers who are in good faith compliance with their management plans, but through no fault of their own become non-compliant with environmental regulations, would have one year to correct the noncompliance without being liable for civil or criminal penalties.

This concept would provide (a) incentives to all agricultural producers; (b) participants with an annual guaranteed per acre incentive payment; (c) incentives for not only implementation, but maintenance of conservation and environmental practices; and (d) an opportunity to provide family farms additional financial assistance beyond current programs.

Implementation of an environmental incentives program should be adopted.

FUNDING FOR CONSERVATION INCENTIVE PROGRAMS

All three of the conservation initiatives would be classified as green box and increase government expenditures \$3 billion annually.

Other Conservation Programs

Other conservation programs supported by Farm Bureau are the Farmland Protection Program (FPP) and the Grazing Lands Conservation Initiative (GLCI). These programs were authorized in the 1996 farm bill and are funded through an annual appropriation.

1. FPP – Farm Bureau supports funding for FPP. This program has been popular in many states. Farm Bureau does not support non-profit organization eligibility for federal funding to carry out the acquisition of development right easements under this program. Additionally, we oppose the imposition of any farm management plan on the property. The intent of the FPP is to avoid development pressures, not dictate farming practices.
2. GLCI – The GLCI is a program providing additional technical assistance through NRCS for range and pasture management. We support the continuation of this program.

Confidentiality

Confidentiality of USDA information has become an increasing concern and priority for farmers and ranchers. We have seen attempts by other government agencies to secure NRCS and NASS data for regulatory purposes. There have also been attempts by non-governmental organizations to secure farm and ranch data from FSA and APHIS. Farm Bureau strongly supports establishment of statutory authority that protects the confidentiality of all data collected by USDA on individual farms and ranches.

Swampbuster

Related to wetland, our challenge has been and continues to be the construction of a coherent national policy that protects both the rights of property owners and our nation's wetland resources. We believe such a policy exists within the amendments made to the Swampbuster Title of the 1996 farm bill. The key to success is flexibility for farmers and ranchers to modify their operations to gain needed economic efficiencies while also encouraging wetland enhancement and protection. By providing agriculture with the opportunity and flexibility to enhance both wetland resources and agricultural production we can truly have a win/win wetlands policy.

Mr. Chairman, we sincerely appreciate the opportunities to share our views on changes necessary in the next few years to inspire a healthy agricultural sector. We have attached to our testimony the Farm Bureau response to the Chairman's earlier questions relating to the conservation title of the farm bill.

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**STATEMENT OF
THE AMERICAN FARM BUREAU FEDERATION
TO THE
HOUSE AGRICULTURE COMMITTEE
REGARDING
THE CONSERVATION TITLE
OF THE
NEXT FARM BILL**

April 25, 2001

The American Farm Bureau Federation appreciates the opportunity to respond to the committee and believes our response to the following questions will help assure the committee of the need for a strong conservation title. Agriculture is looking for, and will be supportive of, the right mix of public policy tools that will enable farmers and ranchers to improve net farm income, enhance their economic opportunity, preserve their property rights and enhance the nation's environment. American agriculture not only provides food security for this nation and much of the rest of the world, but we also contribute to the world's environmental security. In this specific area we can, with the proper incentives, do much more.

Question 1(a). Is the NRCS operating the Conservation programs for which it is primarily responsible (EQIP, WRP, WHIP, FPP, Conservation of Private Grazing Land etc.) in an effective and efficient manner?

Programs, whether voluntary and incentive-based or regulatory in nature, are not self-implementing, therefore we believe there is a need for a significant increase in technical resources for timely implementation of the nation's conservation priorities. Each farm and ranch in this country needs access to information and technical assistance. Although there are NRCS resources to assist farmers both technically and monetarily, these resources are inadequate to meet agriculture's most basic needs.

Recommendation: Farm Bureau supports increased funding for voluntary incentive-based programs and NRCS technical assistance.

Question 1(b). What changes should NRCS make to its program and operating procedures?

The role of NRCS should be that of providing technical assistance and education. NRCS should not become a regulatory agency, serve in a policing capacity or be combined through any reorganization with an agency that has regulatory functions. NRCS should not negotiate or become party to any Memorandums of Agreements or Memorandums of Understanding with federal regulatory agencies that would give NRCS the power to develop, implement, or police those agencies' regulation on agricultural lands.

Recommendation: Farm Bureau believes NRCS should not become a regulatory agency but should function as a non-regulatory mediator of environmental compliance issues with regulatory agencies, on behalf of producers.

Question 2(a). Is the FSA operating the Conservation programs for which it is primarily responsible (FSA, etc.) in an effective and efficient manner?

Recommendation: We support the current system by which FSA carries out programs in conjunction with NRCS.

Question 2(b). What changes should FSA make to its program and operating procedures?

Recommendation: We continue to support funding for conservation programs being administered by FSA.

Question 3. Please list in order of priority (highest to lowest) each Conservation Program your organization supports. Please include the amount of authorized and appropriated monies your organization supports along with the amount of acres that should be allowed into each program. (All current programs and those being considered) Please include any recommended changes to these programs that could be helpful through both statutory changes and regulatory changes.

The AFBF testified before the committee on February 28, 2001, on the need for at least \$12 billion of new budget baseline to adequately provide for a rewrite of the farm bill, including the conservation title. If at least \$12 billion is available, then the following programs should be funded. While we have, as requested, ranked our requests, the AFBF Board has not officially taken action as to their priority. The board will consider this issue at their June meeting and will base their decision on the budget resolution conference report passed by Congress.

Overall Conservation Funding Recommendation: We support increasing conservation expenditures above current baseline levels by \$3 billion annually for the above programs.

Priority #1 - Reform Environmental Quality Incentives Program

EQIP does not provide livestock and crop producers the assistance needed to meet current and emerging regulatory requirements. EQIP must be reformed and funding increased in order to assist producers with the cost of meeting federal, state and local environmental regulations. We support EQIP authority with improvements in the program to:

- Eliminate statutory language that prevents operators of larger farms from being eligible for cost-share;
- Provide broader third-party technical assistance authority, which would allow farmers to hire consultants to provide technical assistance;
- Eliminate priority areas which would allow all producers regardless of location to participate in program; and
- Simplify program participation requirements.

EQIP should maintain current authority to provide funding to all producers including crops, livestock, fruits and vegetables. It should continue to provide 50 percent of funding to livestock.

Livestock producers in several states face, or will soon face, costly environmental regulations as a result of state or federal law designed to protect water quality. Crop producers in many states are preparing to deal with similar environmental requirements. The federal regulations under the Clean Water Act include the Total Maximum Daily Load Program (TMDLs) and the new Confined Animal Feeding Operations (CAFOs) permit requirements. Federal regulators are also exploring the possibility of expanding federal regulation of agriculture under the Clean Air Act. Producers need now, more than ever, federal financial and technical assistance to help them meet these challenges. In many instances, the new federal or state requirements will be very costly for producers.

We support an EQIP proposal that would authorize payments to:

- Help producers build, plan and operate nutrient and manure management measures and systems;
- Implement pesticide best management practices (BMPs) known to improve water quality;
- Help producers improve and computerize their farm decision support data and record-keeping systems;
- Help producers plan and implement agricultural BMPs designed to improve air quality; and
- Ensure that producers could get private sector conservation technical assistance that meets NRCS standards and guidance with nutrient, pest and information management.

Recommendation: We support implementation of a program to provide financial assistance to farmers and ranchers to help them execute unfunded state and federal regulatory mandates. Implementation of EQIP should be authorized at \$1.25 billion annually.

Priority #2 - Conservation Reserve Program (CRP)

Under the CRP producers bid to enroll environmentally sensitive lands into the reserve during signup periods, retiring it from production for 10 years. Successful bidders receive cost-sharing and technical assistance to plant conserving vegetation and annual rental payments.

Twenty-one signups have been held between 1986 and 2000. There are currently 33.4 million acres enrolled out of the maximum 36.4 million acres provided for in legislation. USDA estimates that average erosion rates on enrolled acres are reduced from 21 tons per acre to less than 2 tons per acre per year.

CRP: (a) provides incentives for reduction in soil erosion, enhancement of water and soil quality, and additional wildlife habitat; and (b) provides a steady income to participants who enroll in the program. In order to ensure that rural and agricultural infrastructure is not hurt by even a slight increase in CRP acreage, we continue to oppose more than 25 percent of the county acreage being included in a CRP contract, Conservation Reserve Enhancement Programs and all experimental pilot projects.

Recommendation: Farm Bureau supports a limited increase in the amount of acreage eligible to be enrolled in the CRP (38 million acres) with new acreage targeted toward buffer strips, filter strips, wetlands, or grass waterways. CRP funding should be authorized at 38 million acres (\$500 million).

Priority #3 - Environmental Incentive Payments

We support a voluntary environmental program that provides producers with additional conservation options for adopting and continuing conservation practices to address air and water quality, soil erosion and wildlife habitat. This would be a guaranteed payment to participants that implement a voluntary management plan to provide specific public benefits by creating and maintaining environmental practices. The management plan would be a flexible contract, designed and tailored by the participant to meet his or her goals and objectives while also achieving the goals of the program.

We support allowing farmers and ranchers the opportunity to voluntarily participate in a program that provides the public with the environmental features they actually want in agricultural areas. It would also provide participants with an alternative source of income that would, in some cases, provide an additional safety net. The proposal is based on the concept that farmers and ranchers can produce and market more than traditional agricultural commodities. They can also produce and market what might be called public environmental benefits. Not only would agriculture be able to produce and market food and fiber, it would also be able to produce and market environmental amenities that the public desires.

Examples include erosion control and improved water quality, ecological services such as nutrient filters and carbon sinks, habitat, bio-diverse landscapes and recreational opportunities, and rural amenities – visual aesthetics and scenic vistas.

We believe participants should be given the opportunity and flexibility to develop a management plan that provides environmental benefits but, without land retirements or easements, to provide environmental benefits in return for a payment. The length of the contract period would be flexible and tailored to meet the participant's situation. Practices covered under such a proposal could range from accepted good farming practices already implemented on the farm to establishment of a comprehensive environmental management plan.

A management plan and any information resulting from it would be confidential, and the property of the producer. If any incidental or minor regulatory noncompliance within the scope of the management plan is discovered in the course of plan development, the producer should have a grace period of one year to get in compliance without being liable for penalties. Producers who are in good faith compliance with their management plans, but through no fault of their own become non-compliant with environmental regulations, would have one year to correct the noncompliance without being liable for civil or criminal penalties.

This concept would provide (a) incentives to all agricultural producers; (b) participants with an annual guaranteed incentive payment; (c) incentives not only for implementation, but

maintenance of conservation and environmental practices; and (d) an opportunity to provide family farms additional financial support beyond current programs.

Recommendation: Implementation of an environmental incentives program should be authorized at \$1.25 billion annually.

Priority #4 Confidentiality

Confidentiality of USDA information has become an increasing concern and priority for farmers and ranchers. We have seen attempts by other government agencies to secure NRCS and NASS data for regulatory purposes. There have also been attempts by non-governmental organizations to secure farm and ranch data from FSA and APHIS.

Recommendation: Farm Bureau supports establishment of statutory authority that protects the confidentiality of all data collected by USDA on individual farms and ranches.

Priority #5 Grazing Lands Conservation Initiative (GLCI)

GLCI – The GLCI is a program providing additional technical assistance through NRCS for range and pasture management. This has been a very popular program and has accomplished a great deal in resource conservation with relatively little funding.

Recommendation: We support the continuation of this program.

Priority #6 Air Quality Task Force

Due to lawsuits, new interpretations of existing law and new regulations under the Clean Air Act and other statutes, agriculture is increasingly being targeted for air quality regulation. Emissions of particulate matter (dust) from field operations and livestock, ammonia and hydrogen sulfide from livestock, and smoke from agricultural burning, have all been identified by either the EPA or in lawsuits, as agricultural sources of air pollution, though these emissions have not been previously addressed under the CAA. Farm groups are pursuing the need for sound science to identify agriculture's true emission of these pollutants prior to any regulation.

Recommendation: We support the inclusion of the Sec. 391 of the current FAIR Act. This language should remain in the new farm bill. One addition should be made. Under Sec. 391, part (d)(2) the following sentence should be added: "Task Force members shall serve on the committee according to Federal Advisory Committee Act (FACA) rules, with no limits on the number of terms they serve, as long they are approved by the Secretary."

Priority #7 Farm Protection Program (FPP)

FPP – This program has been popular in many states. The intent of the FPP is to avoid development pressures, not dictate farming practices

Recommendation: Farm Bureau supports funding for FPP but opposes non-profit organization eligibility for federal funding for the acquisition of development right easements under this program. Additionally, we oppose the imposition of any farm management plan on the property.

Priority #8 Environmental Conservation Acreage Reserve Program (ECARP)

ECARP is the umbrella program for CRP, WRP and EQIP. ECARP lays out general guidelines for these programs. ECARP changes are necessary to accommodate EQIP recommendations.

Recommendation: Air quality should be added to the goals and practices encompassed in ECARP. Priority area designation language should be rewritten in such a way as to not favor or discriminate against farmers and ranchers due to their proximity to a geographic area. Priorities should be set based on critical issues, needs and practices.

Priority #9 Forestry Incentive Program (FIP)

Recommendation: Support continuation of the FIP providing cost-share for tree planting.

Question # 4. Do any of the current conservation programs adversely affect your commodity or livestock operations?

Recommendation: As stated above, we believe the following changes are needed in EQIP authority to improve overall program operation:

- Eliminate statutory language that prevents operators of larger farms from being eligible for cost-share;
- Provide broader third-party technical assistance authority, which would allow farmers to hire consultants to provide technical assistance;
- Eliminate priority areas which would allow all producers regardless of location to participate in program; and
- Simplify program participation requirements.

Swampbuster

It was the intent of Congress to exclude farmland converted for the production of an agricultural commodity as well as the land where conversion was commenced prior to 1985 from Swampbuster regulation. There have been attempts to erode this exemption over the last several years. Certification language was added to the 1996 farm bill during final conference that weakens the exemption. This language has created considerable confusion regarding the status of prior converted land.

Recommendation: All certification language should be deleted (Sec. 1222, a, reference to certification in (1), all of 3,4,5,6,)

Swampbuster – Wetlands MOA

Since its inception, the wetlands MOA has been very controversial and ultimately non-operational since 1996. Recent court cases have created further conflicts between CWA 404 and Swampbuster. The delineation process under the MOA never functioned well for farmers and

created a significant workload for NRCS. AFBF has requested that NRCS withdraw from the MOA.

Recommendation: The wetland MOA language in Section 325 should be deleted.

Question #5. Why hasn't Section 335, Conservation Farm Option, been used to consolidate program payments from CRP, WRP, and EQIP into one payment?

Section 726 of Public law 106-387, passed by the 106th Congress prohibited funds being made available to pay the salaries and expenses of personnel to carry out a conservation farm option program.

Question #6. Have Sections 351 through Sections 360 establishing the National Natural Resources Conservation Foundation been useful and effective?

No. Report language contained in Public law 104 – 613 prohibited any use of Federal funds to establish or operate the National Natural Resources Conservation Foundation.

Question #7. Please identify and breakdown costs to producers that are going to be incurred in order to comply with current environmental concerns caused by statute and through regulation. (e.g. CAFO/AFO regulations)

In most cases a professional planner will be needed to develop the type of Comprehensive Nutrient Management Plan (CNMP) envisioned by EPA. These changes will require that farms pay for practices on their own and in most cases hire a professional planner. The cost of these plans varies considerably depending on the existing practices and enterprises, present management, and size of the farm. Developing the plan can take the services of a crop management specialist, an animal nutritionist, an agricultural engineer, a veterinarian, and a financial planner. Information on the soils, watershed concerns, crop yields, animal production, bio-security methods, future goals of the farm, and the financial resources will need to be gathered. These plans, without adequate NRCS resources, will cost from \$2,000 to \$60,000 for typical farms to develop. NRCS has been and should continue providing these services, however they cannot be expected to provide much help to the large numbers of farms needing this service. NRCS can provide information but will be overwhelmed with the volume of information needed for all livestock farms.

In the past NRCS was the main source of the designs and construction specifications of these practices (e.g., technical guidelines, best management practices and engineering specifications). Design work for some practices can be quite involved. Protecting a barnyard from off site water sources, and controlling the runoff through sediment basins and filter areas can involve many separate hydrological and hydraulic calculations. Working within the constraints of existing facilities can add considerably to the cost of the design. This design work often exceeds the traditional engineering design fee of 6-10 percent of the total cost of the project. Inspection costs to ensure compliance with standards and specifications can also add greatly to the costs. The typical engineering costs to implement the plans may range from \$2,000 to \$50,000 per farm.

The best information developed to date on the importance of technical assistance and implementation costs were compiled by the Cornell Cooperative Extension Service. They found the following:

- New York City Watershed Agricultural Council has been working since 1995 to develop and implement pollution control plans that will reduce the potential for farms in the watershed to contaminate the surface water sources of New York City's drinking water supply. So far they have completed over 235 plans at an average cost of \$10,000 each. This figure is derived from the four-person planning team's goal of two plans per month with a total cost per employee of \$60,000 per year. Most farms in the New York City Watershed are smaller than 300 animal units. Most of the farms are challenged with barns and barnyards close to streams. The construction costs of the plans average \$75,000 for the NYC watershed farms. Larger farms have construction costs above \$1,000,000. Without the full costs of the plan development and construction costs, additional environmental results are questionable. The bottom line: average cost per dairy cow ranges from \$1,000 to \$2,000 for an average 80-cow dairy.
- Skaneateles Lake provides drinking water for the city of Syracuse in upstate New York. The city has also agreed to pay for the plan development and implementation of practices that will protect the lake from agricultural pollution. The Skaneateles Lake Watershed Agricultural Program was developed cooperating with Cornell Cooperative Extension, Natural Resources Conservation Service, and Soil and Water Conservation Districts from the counties involved. So far the average cost of planning and designing the needed practices have been about \$30,000 for each farm. The range has been \$3,500 for a small one-enterprise farm to \$196,000 for a large dairy. Again, the bottom line: average cost per dairy cow ranges from \$1,000 to \$2,000 for an average 80-cow dairy
- Nationally, farmers need NRCS help in developing these plans and in providing cost-share assistance. EPA has estimated that there are 450,000 Animal Feeding Operations (AFOs) in the U.S. If the average CNMP takes a professional 320 hours to complete, (the time used in the NYC Watershed) and the average professional has 2,000 hours available to develop CNMPs, it will take 7,200 people 10 years to provide this effort. This would not include the time spent in design and construction inspection or the time spent in changing and updating CNMPs.
- If the average cost is \$50,000 per farm, it will take the current EQIP budget of \$200 million at a 50 percent cost share rate 56 years to finance this effort. In this scenario farmers would be providing half the cost of implementation, \$11.25 billion. This does not include the cost of maintenance or additional operating costs. Farms will also be impacted by the activities in the Mississippi River Basin to address the seasonal hypoxic zone in the Gulf of Mexico and by activities in the Everglades.

Recommendation: Farm Bureau supports a significant increase in funding for voluntary incentive-based programs and NRCS technical assistance to assist producers with the cost of federal, state and local regulatory requirements.

Question #8. Is the Conservation Security Act intended to replace existing Conservation and Commodity programs or to coexist with those currently being administered?

We believe the “Conservation Security Act-type program” should coexist with and complement current conservation and commodity programs. The conservation title should:

1. Continue to improve the environment through expanded incentives to encourage voluntary soil conservation, water and air quality programs, and advance technological and biotechnological procedures that are based on sound science and are economically feasible;
2. Provide willing producers with additional voluntary incentives for adopting and continuing conservation practices to address air and water quality, soil erosion and wildlife habitat.

Increased regulatory costs on all levels – federal, state and local – are placing a heavy burden on individual farmers and ranchers as well as distorting the traditional structure of our industry. Farmers and ranchers understand the importance of protecting the environment. Their livelihood depends on it. However, the expenses that are incurred to meet compliance are taking a heavy toll on farm incomes and forcing farmers and ranchers to spread the cost of increased regulation over more units of production. The unintended consequence is the inability of small and medium sized family farms to compete in a highly charged regulatory environment.

We believe there is a need for a new environmental policy framework. A policy that provides an opportunity for farmers and ranchers and the public to move beyond the current debate over whether the public has the right to mandate features and/or farming practices in the rural landscape.

U.S. farmers and ranchers have historically shown that if either market forces or government support prices provide sufficient incentives, such as \$3.00 per bushel corn or \$4.00 per bushel wheat, we can produce an abundant supply of these commodities. Similarly, if a voluntary incentive is offered for a desirable environmental outcome, farmers will overwhelm America with improved soil conservation, water quality, air quality and wildlife habitats.

In order for a conservation incentive payment program to work well, public policy must recognize the inherent limitations “command and control” regulations have in acquiring desired public benefits of an environmental nature. Efficient public policy is one where the thing demanded by society is the thing that is being produced. “Command and control” forms of environmental laws have run their course.

There is little doubt that we have made strides in improving our environment over the last three decades. By nearly every measure our environment and natural resources are in much better shape than at any time in our lifetimes. As the demand for environmental enhancements increase it is important that we examine the public policy tools that we have at our disposal and determine whether they are appropriate or not. The command and control nature of many of the first-generation environmental statutes were for the problems of the 1960s and 1970s. The programs were, and continue to be very controversial and adversarial in nature. Compliance was expensive and inefficient but comparatively easy to measure.

In addition to building on the gains of the last three decades, the public now desires open space, wildlife habitat, scenic vistas, diverse landscapes and recreational activities. These are clearly more ephemeral policy goals that require a more delicate and site-specific policy approach. The existing environmental policy framework is not equipped to function in a way that is most efficient in achieving the policy objectives we are faced with in the future. Public policy, and in this case, the conservation title should move beyond preventing bad things to policies of promoting good things. “Command and control” mechanisms do not provide an attractive incentive for farmers and ranchers to produce the things that the public wants. A new, more efficient and effective approach should be developed to assist farmers and ranchers in providing the public with what it wants. It should be voluntary, provide sufficient economic incentive and clearly define the benefits that society at large derives from agriculture.

Farmers and ranchers can produce and market more than traditional agricultural commodities. We can also produce and market environmental benefits. Agriculture and the government can work together to create an alternative market for environmental improvements or amenities that the public desires. Such environmental features may include erosion control and improved water quality, ecological services such as nutrient filters and carbon sinks, habitat, bio-diverse landscapes and recreational opportunities; and rural amenities – visual aesthetics and scenic vistas to name a few.

Recommendation: We encourage the Committee to work with us to find the right mix of policy options that will:

1. Allow the market to determine the value for these new “environmental commodities;”
2. Provide voluntary participants with an annual guaranteed incentive payment and/or additional cost share;
3. Make incentives available to ALL producers;
4. Does not replace or disturb any existing or future payment program unless participants choose to opt out of traditional farm programs; and
5. Allows confidential conservation plans to provide an improved level of assurance and accountability of the conservation efforts undertaken by the program participants.

We believe such a program would provide incentives for both implementation and maintenance of conservation and environmental practices and give the public an easy to understand argument for expanding the agricultural entitlement baseline. It would also provide incentives to producers that conform to WTO green box requirements and provide program participants the opportunity to improve the quality of rural life and increase rural economic development by providing a stable and diverse presence for agriculture. The bottom line is we believe this committee has an opportunity to capture the win/win efficiencies of providing producers with additional conservation incentives for adopting and continuing conservation practices to address air and water quality, soil erosion and wildlife habitat.

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